

Education and Workforce Development Cabinet

Kentucky's jobless rate drops below 10 percent for the first time in more than two years

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Editor's Note: Preliminary May and revised April labor market information are included in this release.

FRANKFORT, Ky. — For the first time since February 2009 Kentucky's seasonally adjusted preliminary unemployment rate fell below the 10 percent mark to 9.8 percent in May 2011, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. The state's rate was 10 percent in April 2011.

The preliminary May 2011 jobless rate dropped .6 percentage point below the 10.4 percent rate recorded in May 2010 for the state. The state's May 2011 rate matches the February 2009 rate of 9.8 percent.

"Kentucky's unemployment rate decreased to 9.8 percent in May 2011, dropping below 10 percent for the first time since February 2009. However, nonfarm employment was weighed down by supply disruptions due to the tsunami in Japan and high food and gas prices," said Dr. Justine Detzel, OET chief labor market analyst.

The U.S. seasonally adjusted jobless rate increased from 9 percent in April 2011 to 9.1 percent in May 2011, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

One of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment increase in May 2011, while 10 decreased, according to OET. A decrease of 6,000 jobs in May 2011 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,789,100. Kentucky's nonfarm employment has grown by 14,500 workers since May 2010.

According to the seasonally adjusted employment data, Kentucky's leisure and hospitality sector added 700 jobs in May 2011. Since May 2010, the sector has surged by 11,500 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services, and drinking places industries.

"The employment gains are attributed to accommodations and food services enterprises, which is indicative of numerous restaurants opening," said Detzel.

The state's trade, transportation and utilities sector plummeted by 1,300 jobs in May 2011. This area includes retail and wholesale trade, transportation and warehousing businesses, and utilities. It is the largest sector in Kentucky with 359,100 employees. Since May 2010, the number of jobs in this sector has decreased by 1,000.

"Employment decreases in the trade, transportation and utilities sector occurred at retail trade enterprises. As gas and food prices surge, consumers are struggling to make ends meet. The retrenchment by consumers is negatively impacting retail trade establishments through a decline in discretionary spending," said Detzel.

Educational and health services sector jobs dropped by 1,200 in May 2011. The sector has surged by 3,300 workers since May 2010. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

Kentucky's manufacturing sector tumbled by 1,100 jobs in May 2011. Since May 2010, employment in the manufacturing sector has climbed by 4,100 positions.

“Job losses in manufacturing over the past month are concentrated in the durable goods subsector, which reflects layoffs at an automobile parts producer due to supply disruptions caused by the tsunami in Japan and the closing of a conveyor manufacturer,” Detzel said.

The professional and business services sector decreased by 1,000 positions in May 2011. This area includes professional, scientific and technical services; management of companies; and administrative support and waste management, including temporary help agencies. Since last May, jobs in the sector have mushroomed by 6,100.

The government sector, which includes public education, public administration agencies and state-owned hospitals, lost 700 jobs in May 2011. The sector has 7,200 fewer jobs than in May 2010.

The financial activities sector declined by 500 jobs in May 2011. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has 1,400 fewer positions than in May 2010.

Construction sector jobs dropped by 400 in May 2011. Since May 2010, employment in the construction sector has plummeted by 4,200 jobs.

“The year-over-year decrease in the construction sector reflects maladies in the housing market, tighter credit delaying construction projects and layoffs of specialty trade contractors,” said Detzel.

Employment in the other services sector, which includes such establishments as repair and maintenance businesses; personal and laundry services; religious organizations; and civic and professional organizations, fell by 300 positions in May 2011. This sector had 2,600 more positions in May 2011 than May 2010.

The information sector declined by 100 workers in May 2011. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has decreased by 200 positions since May 2010.

Employment in the mining and logging sector dwindled by 100 in May 2011. The sector has gained 900 jobs since May 2010.

The U.S. Bureau of Labor Statistics' monthly estimate of the number of employed Kentuckians for May 2011 was 1,913,258 on a seasonally adjusted basis. This figure is up 6,421 from the 1,906,837 employed in April 2011, and up 48,978 from the 1,864,280 employed in May 2010.

The monthly estimate of the number of unemployed Kentuckians for May 2011 was 206,908, down 4,829 from the 211,737 Kentuckians unemployed in April 2011, and down 9,681 from the 216,589 unemployed in May 2010.

The monthly estimate of the number of Kentuckians in the civilian labor force for May 2011 was 2,120,166. This figure is up 1,592 from the 2,118,574 recorded in April 2011, and up 39,297 from the 2,080,869 recorded in May 2010.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.